

## **GENERAL PURPOSE STANDING COMMITTEE No. 5**

**Thursday 4 September 2003**

**Examination of proposed expenditure for the portfolio area**

### **MINERAL RESOURCES**

**The Committee met at 8.00 p.m.**

#### **MEMBERS**

Mr I. Cohen (Chair)

The Hon. K. F. Griffin  
The Hon. G. S. Pearce  
The Hon. R. M. Parker

The Hon. H. S. Tsang  
The Hon. I. W. West

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#### **PRESENT**

**The Hon. K. A. Hickey**, *Minister for Mineral Resources*

**Department of Mineral Resources**

**Mr A. Coutts**, *Director-General*

**Mr A. Galligan**, *Director, Resource Planning and Development*

**Mr H. Bowman**, *Chief Executive Officer, Coal Compensation Board*

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## **CORRECTIONS TO TRANSCRIPT OF COMMITTEE PROCEEDINGS**

**Corrections should be marked on a photocopy of the proof and forwarded by 30 September 2003 to:**

**Budget Estimates  
General Purpose Standing Committee Secretariat  
Parliament House  
Macquarie Street  
SYDNEY NSW 2000**

**CHAIR:** I welcome everyone to this public hearing of General Purpose Standing Committee No. 5. First I wish to thank the Minister and his departmental officers for attending tonight. At this meeting the Committee will examine the proposed expenditure for the portfolio area of Mineral Resources. Before questions commence there are some procedural matters that need to be dealt with. The Committee has determined that the allocation of questions will be left in the hands of the Chair. I propose to allocate questions in approximate 20-minute segments to Opposition, crossbench and Government members.

Part 4 of the resolution referring the budget estimates to the Committee requires evidence to be heard in public. Previously the Committee resolved to authorise the media to broadcast sound and video excerpts of the public proceedings. Copies of these guidelines on broadcasting are available from the attendants. I point out that, in accordance with the Legislative Council's guidelines on the broadcasting of proceedings, only members of the Committee and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photos. In reporting the proceedings of this Committee the media must take responsibility for what they publish or what interpretation they place on anything that is said before the Committee.

There is no provision for members to refer to their staff while at the table. Witnesses, members and their staff are advised that any messages should be delivered through the attendants on duty to the Committee clerk. For the benefit of members and Hansard, could department officials identify themselves by name, position and department or agency before answering any question referred to them. Where a member is seeking information in relation to particular aspects of a program or sub-program, it would be helpful if the program or sub-program is identified. I declare the proposed expenditure open for examination. Minister, do you wish to make a brief opening statement?

**Mr HICKEY:** No, Mr Chairman.

**CHAIR:** For the first section, I hand over to Opposition members.

**The Hon. GREG PEARCE:** Minister, could I take you to page 14-8 of Budget Paper No. 3, Volume 2, "Cash Flow Reconciliation". Could you tell me what comprise the "Non cash items added back", with \$4,180,000 projected for this current year?

**Mr HICKEY:** That term relates to the superannuation liabilities, extended liabilities and depreciation expenses which are identified as expenses within the Operating Statement, but are only book entries. No cash is involved in this transaction within the department's accounts.

**The Hon. GREG PEARCE:** Who provides the superannuation?

**Mr HICKEY:** Treasury.

**The Hon. GREG PEARCE:** When you say they are just a book item, are you saying that there is no actual payment to the Treasury? It is a Treasury Managed Fund, I assume, is it?

**Mr COUTTS:** When we describe it as a book entry, no funding actually comes to the department as such. So provision is made in the accounts but the actual funding is not transferred across to the department. That is normal accounting practice.

**The Hon. GREG PEARCE:** Yes, I understand that. On page 14-10 of the same volume, can you tell me what you think is the meaning of "Outcomes"?

**Mr HICKEY:** I will ask Mr Coutts to answer that question.

**Mr COUTTS:** You will notice through the budget papers, in each of the different—

**The Hon. GREG PEARCE:** I wanted the Minister to answer, if that is all right, Mr Coutts.

**Mr HICKEY:** Those are targets to monitor the performance of the department.

**The Hon. GREG PEARCE:** Who sets those targets?

**Mr HICKEY:** Departmental officers.

**The Hon. GREG PEARCE:** Departmental officers?

**Mr HICKEY:** The department sets a corporate plan, and I agree to the corporate plan.

**The Hon. GREG PEARCE:** So you have agreed to this corporate plan?

**Mr HICKEY:** Yes.

**The Hon. GREG PEARCE:** So you know what these targets are and why they have been established?

**Mr HICKEY:** I have an understanding of what they are and why they are established.

**The Hon. GREG PEARCE:** Then I will go back to my initial question. Could you take us through those "Outcomes" and tell us what they are and what they are intended to mean?

**Mr HICKEY:** Quite clearly "NSW share of private mineral exploration in Australia" is an indicator to show the level of investment by the exploration industry in mineral exploration in New South Wales. Discovery of new mineral resources is essential for long-term viability of the State's minerals industry in a very competitive environment—

**The Hon. GREG PEARCE:** I am sorry to interrupt, Minister. You set these though. Surely, if you are talking about private mineral exploration expenditure, that is not the Government. How can you set what the private sector does?

**Mr HICKEY:** I did not set the target. The target is set by departmental officers. These are being set to put a benchmark on industry's performance across the areas. It is an indicator of the performance of the industry.

**Mr COUTTS:** Perhaps I could assist the Committee by explaining exactly how this works.

**The Hon. GREG PEARCE:** I do not think we need that.

**CHAIR:** I might clarify that Mr Pearce can ask questions of the Minister primarily. If the Minister so chooses and refers a question to Mr Coutts, Mr Galligan or any other staff that he has, he has the right to do that. He also has the right to finish his answer as he sees fit.

**The Hon. GREG PEARCE:** Thank you, Mr Chairman.

**CHAIR:** I appreciate the intensity of your questioning, which you are welcome to continue. But I ask you to observe those guidelines.

**The Hon. GREG PEARCE:** I thought the Minister had finished his answer, and I was moving to the next question. If the Minister would like the director-general to comment, I am quite happy for him to do so.

**Mr HICKEY:** I will ask Mr Coutts to answer the question.

**Mr COUTTS:** Perhaps if I can give some guidance to the Committee to help members better understand how those targets were established. The department, in developing its corporate plan, has a number of areas on which it focuses its attention, and this enables it to determine whether the policies it has in hand are actually meeting the requirements of its key stakeholders. In developing its corporate plan, it sets a variety of targets and outcomes, which are outlined before you. It then puts that up to the Minister for the concurrence of government to ensure it is consistent with government policy. Whilst we would not normally expect the Minister of the day to tick off target by target, the expectation is of general alignment with broad government policy.

**The Hon. GREG PEARCE:** Minister, do you acknowledge that the cost of workers compensation premiums for coalmining companies is a serious problem for the industry?

**Mr HICKEY:** I acknowledge that there is an issue with workers compensation across the industry, but I think that is an issue which would be better answered by the appropriate Minister.

**The Hon. GREG PEARCE:** Who is the appropriate Minister if you are not?

**Mr HICKEY:** The Special Minister of State, and Minister for Industrial Relations.

**The Hon. GREG PEARCE:** Does coalmines insurance have an unfunded liability? If so, what is the amount of that unfunded liability?

**Mr HICKEY:** Again I refer the honourable member's question to the respective Minister.

**The Hon. GREG PEARCE:** Are you saying you will obtain that information from the Minister for us?

**Mr HICKEY:** I am saying the member really should talk to the Minister responsible, which is the Minister for Industrial Relations.

**The Hon. GREG PEARCE:** If that is what you are saying, I assume you have not taken any steps to address the under-performance of the coalmines insurance, which has been documented, I am sure you know, by independent reviews such as the Ernst and Young report, the Milliman and Canar report and the Wallis report, which were all referred to in Xstrata Coal's submission to the Productivity Commission.

**Mr HICKEY:** I try extremely hard to keep my portfolio matters together, and I again say the member should direct his question to the Minister responsible for that area.

**The Hon. GREG PEARCE:** Are you aware that New South Wales is the only State that has industry-specific workers compensation legislation and its own mandatory, and monopoly, insurer to administer the claims?

**Mr HICKEY:** Again, the member should direct his question to the responsible Minister.

**The Hon. GREG PEARCE:** Are you on top of your portfolio?

**Mr HICKEY:** I am. But, quite clearly, this issue is not within the bounds of my portfolio.

**The Hon. GREG PEARCE:** Are you aware there is no provision for self-insurance for the coal industry in New South Wales?

**Mr HICKEY:** Again, the member should direct his question to the Minister responsible for that area.

**The Hon. GREG PEARCE:** Do you consider it to be an issue that a monopolistic workers compensation system is out of step with other States and industries?

**Mr HICKEY:** Again, the member should direct his question to the Minister responsible for that area.

**The Hon. GREG PEARCE:** Do you have any relationship with the coal industry?

**Mr HICKEY:** Yes.

**The Hon. GREG PEARCE:** What is that relationship?

**Mr HICKEY:** As Minister for Mineral Resources I look after the leasing of the resource, the mining of that resource and the safety of the work force.

**The Hon. GREG PEARCE:** Are you aware that the coal industry in New South Wales considers that the monopolistic insurance system in New South Wales is a problem? Are you out of step with the industry's needs?

**Mr HICKEY:** I am the Minister responsible for my portfolio. Again, the member should direct his question to the Minister responsible for industrial relations.

**The Hon. GREG PEARCE:** Are you aware that at present BHP Billiton pays in the vicinity of \$16 million per annum in insurance premiums to cover approximately 1,000 coalminers, which is approximately \$16,000 per year per employee, and that that compares to approximately \$3,000 in self-insured Queensland coalmines?

**Mr HICKEY:** I am aware of some workers compensation issues in the industry, but again that is not within the bounds of my portfolio, and the honourable member should direct his question to the Minister responsible for that area.

**The Hon. GREG PEARCE:** At page 14-14 of the same budget paper it is indicated that the lost time injury rate and fatal injuries continue to decrease in the coal industry, and that BHP Billiton state that, due to improved safety performance, BHP Billiton has experienced a significant decline in the number and incidence of claims in New South Wales? Despite this, premiums have tripled in the last three years. Would not you, as Minister responsible for mines, be interested in the lost time injury rate and fatal injuries to which the company has referred and which are referred to in your section of the budget paper?

**Mr HICKEY:** I am the Minister responsible for safety and issues revolving around the safety aspect of mines. We are addressing that situation. We have put quite considerable funding into the safety aspect of mining, and we are getting very good results for our investment of \$17.4 million over the last five years. There is a \$2.5 million allocation this year, which is a further allocation above the Government's commitment to safety across the industry.

**The Hon. GREG PEARCE:** Where is that \$2.5 million?

**Mr HICKEY:** It appears in the budget.

**The Hon. GREG PEARCE:** But where?

**Mr HICKEY:** I cannot refer to the particular line, but it is a \$2.5 million extension of the five-year period that has been in place.

**The Hon. GREG PEARCE:** But where is it in the budget?

**Mr HICKEY:** We will try to find it.

**The Hon. GREG PEARCE:** While that is being found—

**Mr HICKEY:** Chair, can I seek some direction on this issue?

**CHAIR:** Minister, if you have difficulty responding to any question from the member, you may take the question on notice.

**The Hon. GREG PEARCE:** You can take it on notice.

**Mr HICKEY:** I will take it on notice. I will ask the Director-General to respond.

**Mr COUTTS:** I can answer the question if that would be helpful to the Committee. The additional funding of \$2.5 million will not show up as a particular line item in the budget. It will show up in a range of different places, because it will appear partially under employee-related expenses and partially under "Other operating expenses", because it is part of the overall budget for our mine safety division.

**The Hon. GREG PEARCE:** That is fine, thank you. You referred to an extra \$2.5 million. BHP Billiton's problem is that it is paying \$16 million, which is \$16,000 per employee as against \$3,000 per employee in Queensland. Have you spoken to Minister Della Bosca about the workers compensation disparity in your mining constituency?

**Mr HICKEY:** Yes, I have had some conversations with the honourable Minister in that regard. I have also spoken to members within the industry in regard to workers compensation. I would like to ask the honourable member whether he has made representations to the Minister responsible.

**The Hon. GREG PEARCE:** I know you are a new Minister, but you are here to be asked questions and to answer them.

**Mr HICKEY:** I just thought it would be relevant.

**The Hon. GREG PEARCE:** You are not here to ask questions.

**CHAIR:** The process is to ask the Minister the questions. Thanks for the offer, Minister.

**The Hon. GREG PEARCE:** What did Minister Della Bosca say to you when you raised the premiums with him?

**Mr HICKEY:** He is looking at the issue. He is looking into the issue. He is discussing it with the people responsible for the super, the coal-related insurance. That is something you need to talk to the Minister about.

**The Hon. GREG PEARCE:** But you are not going to? Are you going to talk to him again?

**Mr HICKEY:** I have no problem with making representations to the Minister again.

**The Hon. ROBYN PARKER:** I would like to ask you some questions about Newcastle, as we both come from the Hunter. Are you aware that there is a problem in Newcastle with the loading of coal onto coal ships?

**Mr HICKEY:** There is a queue up at the port, but I will refer this question in regard to the coal ship terminal and loading to the Minister responsible for that area, which is the Minister for Transport.

**The Hon. ROBYN PARKER:** You are not responsible for coal going on to ships or being transported to the port?

**Mr HICKEY:** No.

**The Hon. ROBYN PARKER:** You are not responsible for the queue of coal ships outside Newcastle?

**Mr HICKEY:** No. It is not part of my portfolio. I try to keep within my portfolio.

**The Hon. ROBYN PARKER:** Are you aware of reports that coal ships are waiting for an average of 11 days to be loaded and incurring late loading penalties, costing one company about \$35 million a year?

**Mr HICKEY:** I know that sectors of the industry are looking to address the issue. I read about the issue in the papers, much like most members in the Hunter. In regard to my portfolio, I try to keep within my portfolio and that is in the mineral resource area, not the transport area.

**The Hon. ROBYN PARKER:** But, surely, coming from the Hunter you have been familiar with that common sight of looking out to the horizon from Newcastle and seeing all those ships waiting to be loaded? As Minister for Mineral Resources you do not think you have any responsibility

for that? My children and I play a game, how many ships will be out there today, and we count them. You do not have any responsibility or take any responsibility for that?

**Mr HICKEY:** The issue with the shipping arrangements is something that the Minister for the Hunter and the Minister for Transport are looking at. I have spoken to the Port Waratah coal loading authority. I went there and had a look at the issues pertaining to that authority. But, again, that is the end of the coal chain. It is not my responsibility, it is a matter for the Minister for Transport. I think you should ask the Minister for Transport about that issue. I am not the Minister for the Hunter. I am the Minister for Mineral Resources.

**The Hon. ROBYN PARKER:** Surely, as the agency responsible for attracting investment and facilitating responsible development it is your responsibility to ensure that New South Wales continues to have a viable mining industry.

**Mr HICKEY:** I have had discussions with the relevant development people. I am not the Minister responsible for the transportation of mineral resources. I know that the Minister who is responsible has been looking at the issue. I will just stick within my portfolio.

**The Hon. ROBYN PARKER:** You do not see that you have any responsibility to ensure that this industry operates effectively?

**Mr HICKEY:** I have a responsibility to my portfolio.

**The Hon. ROBYN PARKER:** You do not see yourself having a role in resolving some of these problems?

**Mr HICKEY:** I have responsibility for mineral resources.

**The Hon. ROBYN PARKER:** What is on the ships?

**Mr HICKEY:** It is a transport matter.

**The Hon. ROBYN PARKER:** What is going to be loaded from the coal loader at Newcastle port onto the ships that are queuing up on the horizon? What is it—is it bread?

**Mr HICKEY:** As the Minister for Mineral Resources I am responsible for certain aspects of my portfolio. I keep within those aspects. As members in the Hunter would be fully aware, the Minister who is responsible for this issue is addressing the issue. It has been well publicised within media circles. The Minister is looking at avenues of trying to rectify the situation of problems with coal transport.

**The Hon. ROBYN PARKER:** Could you give me a yes or no answer to this question? As the Minister, is it your job to maintain the viability of the coalmining industry?

**Mr HICKEY:** Yes.

**The Hon. ROBYN PARKER:** Where do you see your job finishing in terms of the coalmining industry?

**Mr HICKEY:** As far as mining and the issues pertaining to minerals coming out of the ground.

**The Hon. ROBYN PARKER:** Once it comes out of the ground it is not your responsibility?

**Mr HICKEY:** The Minister for Transport is the Minister who is responsible for trains and ports, not the Minister for Mineral Resources.

**The Hon. IAN WEST:** Point of order: If the members of the Opposition do not understand what the portfolio is about—



**The Hon. GREG PEARCE:** That is not a point of order.

**The Hon. IAN WEST:** Perhaps we could move on.

**The Hon. ROBYN PARKER:** Surely this is an issue for which the Minister should have responsibility.

**The Hon. IAN WEST:** Perhaps we should have a five-minute adjournment so that members opposite can get some briefing advice.

**The Hon. GREG PEARCE:** Are you making a point of order or not?

**The Hon. IAN WEST:** Yes.

**The Hon. GREG PEARCE:** What is your point of order?

**The Hon. IAN WEST:** My point of order is that the question is out of order. We need a break so that you can be briefed.

**CHAIR:** You have come to the end of your first 20 minutes, but you will have another opportunity. However, it seems clear to the Chair that the Minister has expressed that the line of questioning is outside his portfolio area. I would suggest that you are not going to get a further answer. I think the Minister has a point.

**The Hon. ROBYN PARKER:** To the point of order: So far, the Minister has not taken responsibility for workers compensation. He has not taken responsibility for coal transport. I would have thought his responsibility as Minister is to the viability of the coalmining industry.

**CHAIR:** You will get another opportunity to ask more questions. However, workers compensation is certainly with Minister Della Bosca and transport is certainly with Minister Costa. In response to an estimates committee question in 2001 the then Minister for Mineral Resources noted that an internal review of environmental aspects of the Mining Act was under way. Labor's recent re-election policy on mineral resources promised an improvement of the environmental sustainability of the mining legislation. We, as conservationists, and other important stakeholders, particularly those with an interest in environmental aspects of mining, have not yet been consulted about a review. Is the internal review of the environmental aspects of the Mining Act still under way, and is it publicly available?

**CHAIR:** I will refer that to the director-general, if I may.

**Mr COUTTS:** Clearly, as a result of the recent election and the change in Minister as part of that election process, the Government announced a new minerals policy. In that minerals policy were a number of issues relating to environmental sustainability of mining. The department is currently looking at providing the Minister with advice about what, if any, amendments there might be to the Mining Act relevant to those environmental issues. The Minister has yet to receive that advice. In that advice we would also look to stakeholder consultation and how that stakeholder consultation might be done.

**CHAIR:** How long have you been in the Mineral Resources office?

**Mr HICKEY:** I have been in Mineral Resources for five months.

**CHAIR:** Minister, was Mr Coutts aware of the original questioning and the original promise of an internal review? Has anything occurred in his time?

**Mr COUTTS:** I recall that question at a previous estimates committees hearing. The department, as a matter of course, has been undertaking reviews of various aspects of its legislation. It is yet to complete a review of the environmental provisions of the legislation such that it is able to put advice to the Minister.

**CHAIR:** Has your department, Minister, commenced any aspects of the review?

**Mr HICKEY:** Yes.

**CHAIR:** When was that commenced and when might you expect some developments in that review and some reporting?

**Mr HICKEY:** When I first became Minister I asked my department to look at a range of issues. The department is getting back to me on a whole assortment of issues that have been raised by myself with the department. As far as when we can expect the issues that you are pertaining to, I cannot answer that until the department really goes back and has a look at it. I will have to take that on notice.

**CHAIR:** You are saying that you have discussed the matter with the department, which is undertaking negotiations as to when they will have the review, but you have not had any feedback as yet about specific moves toward a review?

**Mr HICKEY:** I expect feedback shortly from the department.

**CHAIR:** Shortly? Obviously, it is an important issue and it is something that was a commitment by the former Government. Can you give a timetable for this review?

**Mr HICKEY:** I would give a ballpark figure of by the end of the year.

**CHAIR:** When will the public be involved in the review? At what stage? Can you give a ballpark time for public involvement?

**Mr HICKEY:** I will pass that question to the director-general.

**Mr COUTTS:** It would be our expectation that in providing advice to the Minister we would also discuss with him and his office a process of stakeholder consultation and what would be the best approach to do that.

**CHAIR:** Do you have a draft of the strategy to undertake such an inquiry?

**Mr COUTTS:** Not at this stage.

**CHAIR:** Do you have anything at all in writing that you can present to the Committee?

**Mr COUTTS:** Not at this stage.

**CHAIR:** We are really at the embryonic stage of the development of a strategy to make good pre-March promises. We are now talking about a period of eight or nine months since these public statements were made but you do not have anything concrete set out in terms of a timetable.

**Mr COUTTS:** There is nothing formally in writing that I would be able to provide to the Committee at this stage. I have committed to give the Minister advice, and I have committed to give the Minister advice by the end of this year on aspects of what issues may be subject to review and how that review process might take place.

**CHAIR:** This advice does not have any departmental recording or tracking at all. Is this a normal process, Minister? It seems rather odd to me that you cannot provide the Committee with anything in writing in terms of instruction on an issue that was primary prior to the elections, was much discussed and has been discussed as far back as estimates committees in 2001.

**Mr COUTTS:** I must say, I do not see anything particularly odd about that. The Minister has asked us to have a look at the legislation. He has asked us to have a look at a number of issues. Clearly, the environmental provisions of the Mining Act are quite complex. We are having a range of discussions internally about how to deal with that and what issues might be subject to that review. Those discussions are ongoing. At this stage there is nothing formally in writing that might form the

basis of a draft discussion paper, or a draft paper that is ready to be put to the Minister or that could be made available to this is Committee. I see nothing unusual in that.

**Mr HICKEY:** To be very clear, as Minister I have asked for a whole host of issues to be looked at as far as the environment is concerned. I am trying to get that information together so that we can have a look at the environmental aspects and what are the best places for change, if we can implement some change, for the betterment of the community.

**CHAIR:** For my edification, as a keen environmentalist, if I were to seek information under freedom of information there would be nothing on paper about suggestions or inquiries for the committee; nothing on the record in last five months of this Government?

**Mr HICKEY:** I have had discussions with my director-general.

**CHAIR:** Are they recorded or are they just discussions?

**Mr COUTTS:** We do not normally record our discussions.

**Mr HICKEY:** We do not feel the need to record our discussions. Hopefully, that will remain. But I have asked for environmental issues to be looked at so that we can discuss them at a later date when the information comes forth from the department on aspects that need to be addressed so far as environment is concerned. As far as this Government is concerned, I think we have a very good record on some environmental issues, and some that we may have to go back and look at. Until the department goes across and has a look at a whole raft of environmental issues that they see as issues and list those issues to me, I cannot do a great deal until I have those issues from the department. The department has given me an undertaking that they will do that.

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**Mr COUTTS:** I would not like the honourable member to think the department is trying to avoid its responsibilities in this area. The department has had a very heavy workload of legislative change over the past two years. Focusing on the mine health and safety legislation, we have done a major rewrite of the coalmine health and safety legislation and we are currently engaged in doing a major rewrite of the regulations. At the same time we are also doing a major rewrite of the metalliferous mine health and safety legislation. Both of those pieces of legislation required the preparation of multiple discussion papers and extensive consultation.

The prevailing level of workload in the department has meant that we have not necessarily had the resources available to focus on other amendments that might be needed to the Mining Act. As I have said, I have given the Minister a commitment that that is now a priority and that I will provide advice to him by the end of the year as to how we might progress any amendments to the Mining Act. We are able to do that because the bulk of the work on the coalmine health and safety legislation is now completed, and hopefully we will shortly have the metalliferous health and safety legislation through the Parliament. We will then be able to concentrate our efforts on this legislation, in which I know the honourable member is interested.

**CHAIR:** Are you saying that there will be some sort of report and recommendations by the end of the year and the opportunity for public input later this year?

**Mr COUTTS:** It is certainly my intention to advise the Minister that we have prepared a discussion paper of sorts, that there should be some process of public consultation and that the discussion paper should be put out for public comment. It is a question of whether "paper" is a formal green paper or white paper or whether it is some other form of discussion document. But it is certainly our intention to put out some form of document and to invite public comment.

**CHAIR:** Thank you. At what point do you predict that the public will see environmental reforms or an acknowledgment of environmental issues in terms of mining and mineral resource operations? When will we achieve a result and see some change on the ground—assuming, of course, that that is necessary? You may have a good track record—I do not question that—but when will we see a result?

**Mr COUTTS:** I am glad that you qualified the last part of your question because I think we have a reasonably good environmental performance overall. It is not easy to answer that question because it depends somewhat on the response to the public consultation process.

**CHAIR:** The consultation would continue for a specified period?

**Mr COUTTS:** Yes. However, the coalmine health and safety legislation took some 12 months to progress from discussion paper to bill stage. I guess it will depend on the process that the Government decides to go with. However, based on the commitment that I have given the Minister, if the Minister were to agree, I imagine that we could envisage being released towards the end of the year or early next year, perhaps with a three-month period for public comment. Depending on the response to public comment, the Government would make a determination as to whether a further discussion paper needed to be prepared and further comment sought—I guess it depends on the complexities of the issues raised in the public consultation period.

**CHAIR:** Minister, there is a mining exploration licence covering the Pilliga group of State Forests—PEL 238—south of Narrabri. In late 2000 a holding dam of the companies exploring in Pilliga East State Forest at Bohena, the First Source Energy Group, failed after some rain. The failed dam released highly sodic water collected from underground drilling for coal seam methane gas. The spilt water killed vegetation hundreds of metres downstream from the holding dam. Other holding dams in the Bohena area continue to leak toxic water. What efforts has the Department of Mineral Resources made to require the mining company to rehabilitate the damage?

**Mr HICKEY:** I will take that question on notice.

**CHAIR:** Perhaps you could also explain why the Department of Mineral Resources has not required an EIS for all exploration activities within areas of high environmental significance such as Pilliga?

**Mr HICKEY:** It is not required.

**CHAIR:** It may not be required but, given the great environmental significance of the area, could it not at least be considered?

**Mr HICKEY:** I will refer the question to the director-general.

**Mr COUTTS:** Any exploration activity that takes place—whether it is for petroleum or mineral resources—is subject to the provisions of the environmental planning and assessment legislation. If that exploration is deemed to have a significant impact on the environment, appropriate measures are taken in accordance with the environmental planning and assessment legislation. In the case of the exploration activity in the Pilliga—both the work by First Source Energy and Source Energy—there were some initial less than desirable environmental outcomes as a result of exploration work undertaken by First Source Energy.

**CHAIR:** Is that how you describe a toxic dam spill?

**Mr COUTTS:** It was not a dam spill as such. Unfortunately, the department does not support the damage that occurred at that time. When the level of damage was brought to the department's notice, the department took immediate steps to ensure that the damage was remediated and that the company was put on notice that its performance was unsatisfactory. Since that time steps have been taken to ensure that the environmental standards of the exploration work undertaken in the Pilliga are of the highest standards. The department is working very closely with other key government agencies in this respect, including the EPA and Forestry NSW, and we are now confident that the exploration work being undertaken in the Pilliga—it is a low-impact type of exploration activity—is of the highest environmental standards.

**CHAIR:** Could you describe some procedures that the Department of Mineral Resources has put in place to strengthen its supervision? Do penalties apply to poor environmental practices in all mineral exploration in New South Wales?

**Mr HICKEY:** All procedures and approvals are conducted in accordance with the requirements of the Petroleum Onshore Act and the Environmental Planning and Assessment Act. I will ask the director-general to comment on the penalties issued by the department.

**Mr COUTTS:** When granting an exploration licence for any activity in the Pilliga the department has the capacity to attach conditions to that licence, which it does. As a consequence of the initial problem in the Pilliga to which the honourable member referred, the department has been working very closely with local field staff from the EPA and with Forests NSW to ensure that we have a greater on-ground presence in the area. We have also sought from one of the companies an environment management plan to ensure that any activity is conducted in an ordered fashion and in agreement both with us and with the other key agencies.

**CHAIR:** Was the company penalised? Do companies pay a bond up-front before commencing such operations?

**Mr COUTTS:** Security bonds are put in place to enable any remediation work to be done should the company fail to meet its obligations. In this particular case the company concerned was very quick to respond to the department's requirements to remediate the area and to lift its game so no financial or other sanctions was imposed upon it at that time. But it was made very clear to the company that if a similar event occurred in the future the question of sanctions would be seriously considered.

**The Hon. GREG PEARCE:** Minister, I refer you to Budget Paper 3, Volume 2, page 14-7, Operating expenses. The original budget for 2002-03 was about \$52.5 million and this was revised to \$57 million-plus. Can you outline the extra expenses?

**Mr HICKEY:** Are you talking about the variance of \$4.6 million?

**The Hon. GREG PEARCE:** I have not done the maths but that sounds right.

**Mr HICKEY:** Total expenditure was higher than what was originally budgeted as a result of the following. Some \$1.6 million was allocated to the relocation project. Funding was provided to manage the procurement of the office accommodation and the technical facility in the Maitland area and to address key risk and changed management issues related to that relocation. As part of the Government's mine safety reforms funding of \$1.17 million was made available for legal prosecutions under the Occupational Health and Safety Act and related legislation. As to the rehabilitation of derelict mines, the increase relates to projects supported by the Environmental Trust and the increase in maintenance costs in the last financial year relates to repairs and maintenance at the Lidcombe site.

**The Hon. GREG PEARCE:** Referring to Budget Paper No. 3, Volume 2, page 14-7, the Employee related expenses were a little lower. Which of the items you have mentioned are in "Other operating expenses"?

**Mr HICKEY:** The \$1.65 million relocation project and the \$1.17 million for legal prosecutions.

**The Hon. GREG PEARCE:** You have mentioned maintenance. There is about another \$1 million in "Other expenses" so we have two lots of other expenses. What were those other expenses?

**Mr HICKEY:** Are you talking about the \$200,000 or the \$1.6 million?

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**Mr HICKEY:** This is the department's rehabilitation of derelict mines program. The increase this financial year relates to the project supported by the Environmental Trust. Environmental Trust projects undertaken during the year were the CSA, \$531,000; the Conrad Mine, \$700,00; and the Urunga Mine, \$346,000.

**The Hon. GREG PEARCE:** Which environmental trust is that?

**Mr HICKEY:** I will pass that question over to the director-general.

**Mr COUTTS:** The Environmental Trust was set up under the Environment Protection Authority [EPA] under Minister Debus a couple of years ago. Applications were invited for funding under that trust. Applications were designed, I guess as the name implies, to deal with key environmental issues. The department put up a number of applications for funding under that trust and was successful in getting something like \$2.8 million in additional funding to address some key derelict mines that required funding over and above the allocation that we would normally have for derelict mines funding.

**The Hon. GREG PEARCE:** Minister, I take you back to page 14-10 of Budget Paper No. 3, Volume 2. Under "Outcomes", there is an item "Average number of 3 square km units covered by new Exploration Licence applications". Can you explain to me what the outcomes there mean? How is it the same outcome each year?

**Mr HICKEY:** These indicators show a level of new exploration interest in New South Wales on a per month basis. They are useful to monitor new industry activity. The indicator does not reflect the levels of exploration activity that occur as a result of farm in agreements between explorers and existing licensed holdings. I will pass the question of it being 800 each year and the reason for that to the director-general to answer.

**The Hon. GREG PEARCE:** You said "farm in agreements", did you?

**Mr HICKEY:** Yes.

**The Hon. GREG PEARCE:** What did you mean by that?

**Mr HICKEY:** Joint venture agreements on existing lots. It represents the smaller operator who comes in and brings investors with him.

**The Hon. GREG PEARCE:** A small operator who brings in investors.

**Mr HICKEY:** Who has the investors investing with him.

**Mr COUTTS:** For example, you might have a small exploration company with not a large amount of capitalisation. They generally have a fairly high success rate at finding gold mineralisation but they do not have the resources to exploit that mineralisation, so they will then invite one of the larger companies in, to help fund that exploration activity.

**The Hon. GREG PEARCE:** Thank you. I do know about that. Can you explain the 800 figure?

**Mr COUTTS:** The 800 figure is essentially a target that we have used as an indicator of exploration activity in New South Wales. I guess it is somewhat of an historical target and it gives us a way of judging what the performance of exploration investment in New South Wales has been in comparison to elsewhere in the country and elsewhere in New South Wales. Essentially what we have seen—and this target has helped us to see this—in New South Wales is that, despite a general reduction in exploration activity right cross Australia including New South Wales, New South Wales has been able to maintain its percentage share. In fact, it has slightly increased its percentage share of exploration activity as a percentage of total exploration activity being conducted in New South Wales. That really has been as a direct result of the very positive work that the Government has been doing in providing additional resources to the department to provide a high-quality geophysical and geological data to the industry.

**The Hon. GREG PEARCE:** I must say that it is quite remarkable that you can read that into a line that states "Average number of 3 square km unit is covered by new Exploration Licence applications". For 2000-01, it is 800; for 2001-02, it is 800; for 2002-03, it is 800; and for 2003-04, it is 800. When the Minister first responded to this question he said something about the figure being a per month tracking of something.

**Mr COUTTS:** They are used on a per month basis. We are more than happy to take advice from people, which we do on a regular basis, as to whether there are more appropriate targets.

**The Hon. GREG PEARCE:** I do not meant to interrupt, but is it a 800 per month target?

**Mr COUTTS:** No, 800 is a yearly target, but we assess it on a per month basis.

**The Hon. GREG PEARCE:** I see. Where is the result? If that is the target, where is the result?

**Mr COUTTS:** I will take that on notice and provide that information at a later date.

**Mr GALLIGAN:** Those are targets. The results are recorded in the annual reports.

**The Hon. GREG PEARCE:** Thank you, that is fine. Minister, I take you back a few pages to 14-5 of Budget Paper No. 3, Volume 2. Under "Asset Acquisitions", there is a reference to \$5.7 million "for improving the Department information systems" and \$7.1 million for relocation to Maitland. I will not go into Maitland because my colleague will be asking new questions about that shortly. How much of that \$5.7 million has been spent to date?

**Mr HICKEY:** I will pass that on to the director-general.

**Mr COUTTS:** That \$5.7 million has been provided only this financial year, so I would not be able to give you a figure now as to how much of that amount has been spent.

**The Hon. GREG PEARCE:** That is in addition to the \$1.6 million that was overspent last year. Is that right?

**Mr COUTTS:** I am sorry, no. Perhaps if I give you a bit of history of this project, it might be helpful. As part of its strategy to improve its business information systems and to provide a lot of its information web enabled, particularly its geospatial information and titles information, the department put a business cases to the Government for additional funding for these information systems improvement projects. One lot of funding was in the last financial year, and was spent.

**The Hon. GREG PEARCE:** How much was that?

**Mr COUTTS:** I am not sure what the actual figure was, but it was about \$900,000. Then as a consequence of that, which was essentially proving up the proposal, the department was successful in putting forward a second business case to the Government for that \$5.7 million. That \$5.7 million will provide both new software development and hardware to enable the department to provide its titles information and its geospatial information in particular in an integrated way and over the Internet. It is designed to bring the department's systems together in a more co-ordinated way and enable us to provide a better level of service to our key stakeholders.

**The Hon. ROBYN PARKER:** I wish to ask the Minister a question about what is happening in the Hunter and his portfolio. In terms of the relocation of departmental staff to Maitland, will you report on the status of that relocation?

**Mr HICKEY:** A commercial office is being built in the Maitland CBD to house the majority of relocated departmental staff. A new Mine Safety Technology Centre is also being built in the industrial area at Thornton, which is a suburb of Maitland. This facility will provide a range of the mining safety testing activities that are currently undertaken at the department's Lidcombe site. The Mine Safety Technology Centre will also have an emergency response capacity. Construction and internal design of the new buildings in Maitland will be managed by the Department of Commerce on behalf of the Department of Mineral Resources. Current planning indicates occupation of the two new facilities by the department will take place in November 2004. On 25 February 2003 the Government announced that the Thornton Land Company Pty Ltd was the successful tenderer to build the Maitland commercial offices and the Mine Safety Technology Centre for the department.

Construction of the Maitland commercial office was commenced in July this year. Construction of the Mine Safety Technology Centre commenced in August this year. Planning for the recruitment of staff for Maitland to replace staff not relocating will commence in the fourth quarter of

2003. Strategies to ensure minimal disruption to services through the relocation to Maitland are well under way. Does that cover what you wanted?

**The Hon. ROBYN PARKER:** Pretty much. Out of the proposed 200 staff, have any of them relocated to Maitland yet?

**Mr HICKEY:** No. There is no building there as yet. We started building in July this year. The town of Maitland, along with the mayor, was appreciative of the relocation and can see the benefit to the Hunter economy in what the department is doing. I must say that they have welcomed the department there with open arms.

**The Hon. ROBYN PARKER:** How many of the staff currently in Sydney have indicated that they will relocate to Maitland?

**Mr HICKEY:** I will pass that on to the director-general. I do not really get those fine details as the Minister.

**Mr COUTTS:** At this stage it is probably too early to tell exactly which staff will go to Maitland and which will not, seeing that the building and the move will not take place until late next year. The department, as part of its planning strategy, has done a number of surveys to get a broad indication from staff as to what their intentions are. We will plan to do another one or two of those surveys as we progress over the next six months or so, so that we do get a clear indication from staff.

**The Hon. ROBYN PARKER:** Last year, Minister, your predecessor indicated that up to 50 staff would remain in Sydney. Do you expect that that will still be the case?

**Mr HICKEY:** There will be a small number of staff in the Sydney area to facilitate responses to companies and businesses on the ground here in Sydney. It is very important for us to allow that to occur because Sydney is seen as the hub of the area. We need to have resources and people on the ground to service the companies' needs across New South Wales.

**The Hon. ROBYN PARKER:** What positions do you envisage will remain in Sydney?

**Mr HICKEY:** I envisage the director-general and a small number of staff to help him do his work in the area.

**The Hon. ROBYN PARKER:** Last year your predecessor also indicated that the lease on the St Leonards office of the department would be up at the end of 2004 and that the director-general was consulting with the Department of Public Works and Services to assess where the officers would be relocated. Could you inform the Committee of the status of those consultations?

**Mr HICKEY:** The lease will be up in January 2005. I fail to understand your line of questioning.

**The Hon. ROBYN PARKER:** I am just wondering where those consultations are and where you might be relocating those Sydney staff to?

**Mr HICKEY:** I cannot answer that at this point. I will pass that on to the director-general.

**Mr COUTTS:** The department will go through a process in accordance with Government guidelines to procure its office accommodation in Sydney. We have only just begun that process and there are no options available at this time. We do not expect to have a site identified until probably about the middle of next year.

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**The Hon. ROBYN PARKER:** Is it correct that the estimated cost of this re-location project is \$35 million?

**Mr COUTTS:** Does that appear in the budget papers?

**The Hon. ROBYN PARKER:** I think it appears in the Minister's press release.



**Mr COUTTS:** I think the cost of the relocation is \$28 million.

**The Hon. ROBYN PARKER:** Does that include redundancy packages?

**Mr COUTTS:** At this stage there is no intention to provide redundancy packages. You can only provide redundancy packages on the basis of positions being deleted, and there is no intention to delete positions.

**CHAIR:** I am sorry Ms Parker, your 20 minutes is up. I will take questions now and you can continue later. Minister, you mentioned before that an environmental impact statement [EIS] was not necessary on some what are considered to be sensitive studies with mine site developments and such like. What environmental studies have been conducted for mining exploration activities in PEL 238, given the high environmental significance and many threatened species found in the Pilliga?

**Mr GALLIGAN:** Under the Petroleum Act every exploration activity requires formal environmental assessment as per part 5 of the Environmental Planning and Assessment Act. So in the Pilliga itself, before any of the mineral sites are approved the company needs to provide a review of environmental effects, and this is assessed by our environmental people, who then make recommendations to the Minister.

**CHAIR:** There is a complaint that the department refuses to provide the public with copies of environmental studies conducted so far in PEL 238. Do you concur with that? Is there availability of those environmental studies?

**Mr HICKEY:** I will take that on notice.

**CHAIR:** I understand that at present the only way to get a copy of these studies is to photograph the document at the Narrabri council information desk. Perhaps you could let the committee know if there are other ways of accessing that material.

**Mr COUTTS:** I could be a little bit helpful there. I understand that there are some limitations—which I think may be a legislative arrangement—in providing the actual documents. But as a consequence of requests for the review of environmental factors [REF] documentation with respect to the Pilliga, the department made approaches to the company and made arrangements for that documentation to be available both through the company itself and through the local Narrabri office. That was considered to be the most appropriate way of making those documents available because I believe the department did not have copies in its Sydney office and as the parties interested in seeing the documents were in that area it was thought to be probably the most accessible place for them to see the documents. I am not aware that we have received any further overtures from those parties seeking access to those documents so I am unaware if there has been any subsequent problem about access.

**CHAIR:** However, I appreciate that there has been concern that people can view those documents only at the Narrabri council information desk, and there have been requests. Perhaps you could furnish some opportunity for interested members of the public to access those documents?

**Mr COUTTS:** We will certainly have a look at what those opportunities might be and perhaps if people have a concern they can write directly to the department and we will give them some advice.

**CHAIR:** Minister, why does the Government support an open-cut coalmine policy that will destroy most of the Leard State Forest north of Gunnedah rather than in the new national park, when the State forest is home to nine threatened animal species and the New South Wales Government should be reducing—would you not agree, in terms of responsible mining—its dependence on greenhouse-generating energy sources such as coalmining?

**Mr HICKEY:** I will take that on notice.

**CHAIR:** Would you like to comment on your role, which I think is a pivotal one in terms of your oversight of the coal mining industry? Do you have an eye for the reduction of dependence on these greenhouse energy sources? Are you mindful of that in terms of your activities with the coal mining industry?

**Mr HICKEY:** I will take that on notice.

**CHAIR:** I thought you might have had an opinion.

**Mr HICKEY:** I have my opinion but I will take the question on notice.

**CHAIR:** Which areas of land is your department holding on to that are required by the National Parks and Wildlife Service? I know of one in the Whian Whian State Forest in the north of New South Wales, which I think is a diamond mining lease. Do you have other leases or areas of land that the National Parks and Wildlife Service desires to gain?

**Mr HICKEY:** I will pass that question on to the director-general.

**Mr COUTTS:** There are a number of land-use issues in which the department is involved as a consequence of, I guess, the conflict between mineral resource values and conservation values. The department as such does not hold on to any land, we are not the owners of land. In the case of the Whian Whian area there is an exploration licence for diamonds already over that area and we have been engaged in some discussions with National Parks about how conservation values might be dealt with. I think what we have suggested is that a State conservation area might be an appropriate option for preserving those conservation values.

That was one of the reasons the State conservation area was brought into being: to allow that balance between conservation values and mineral resource values. The department has been engaging in regular discussions with National Parks, I believe in a very fruitful way, so that we both have a clear understanding of where the particular values are that each of the agencies are dealing with. That enables us to then present advice to government to enable government to make decisions on land-use issues where there may be conflicts between those values.

**CHAIR:** Does your department take a role in actually informing National Parks or other agencies about availability of land, the length of lease, or possible terms of changeover?

**Mr HICKEY:** The department works hand in glove with National Parks in regard to areas of mineralisation. I will pass the question on to the director-general to answer in full, if you so choose.

**Mr COUTTS:** Following on from my earlier answer, in discussions with National Parks and other agencies we try to be as open and transparent as we can be. The department has very good quality data and maps on those areas that are subject to both exploration interests and mining titles, and we provide information to National Parks and try to exchange information on that spatial data, I guess so that we are not pushing our respective interests in conflicting areas.

**CHAIR:** Have all these areas been properly assessed for their mineral potential?

**Mr COUTTS:** Not all the areas have been fully assessed. I guess that is the nature of exploration. Exploration, as the word implies, is exploring for minerals. The department's expressions of interest for preserving mineral values in areas are based on the department's knowledge at the time of either the value of the mineral resources that have already been identified or the level of exploration activity that has actually taken place in that area.

**CHAIR:** So in theory, areas could be quarantined from other use such as handing over national parks on an expectation without any really proven knowledge of the value of a particular area?

**Mr HICKEY:** No. That is why the State conservation areas are there, for National Parks and the department to work together before the areas are claimed. If there is any need for exploration or any concern of the department, it becomes a State conservation area.

**CHAIR:** But the State conservation area still allows mining.

**Mr COUTTS:** If I could add to that. I think one of the reasons the Government has encouraged my department, National Parks and others to work together on these issues is that there may well be some areas where it is appropriate to have a national park and no mining. There may be other areas where it is quite appropriate to allow the mining to take place, the resource to be identified and extracted, and then a national park to be declared at some later point in time.

**CHAIR:** Could you give an example of that?

**Mr COUTTS:** Bridge Hill, I am told. I guess one of the arguments that we always have about balancing the conservation values and exploration mineral values is that the two should necessarily be mutually exclusive.

**CHAIR:** Can you tell the Committee the sum paid to the Government by Barrick Gold as an environmental bond for the Lake Cowal gold project?

**Mr HICKEY:** I will have to take that on notice because I have not got that specific sum in front of me.

**CHAIR:** Perhaps you could also take on notice just how you have satisfied yourself that this amount is sufficient to rehabilitate the site quality and potential environmental damage resulting from the mine or its operations. Are you able to tell the Committee how much in-kind support, direct or indirect subsidy the Government has provided to the Lake Cowal gold project?

**Mr HICKEY:** I will have to take that on notice.

**CHAIR:** Will you also, on notice, provide a breakdown for road construction and/or maintenance, electricity and service provision?

**Mr HICKEY:** That is not specifically within the portfolio. I would not be able to ascertain that.

**CHAIR:** You are saying that is the business of the company, and you would not have any oversight?

**Mr HICKEY:** No, I would not have the oversight. You need to talk to the local council.

**CHAIR:** Of the 15 new icon areas recently protected in north-east New South Wales, 26,000 hectares of the 42,000 hectares—some 62 per cent—of the new reserves were State conservation areas. Many of these State conservation areas are next to or link World Heritage rainforest parks. Can you tell the Committee how many of those areas are subject to mineral exploration leases?

**Mr HICKEY:** I would have to take that on notice.

**CHAIR:** Can you detail each area subject to a mineral exploration lease, the type of lease each area is subject to, who holds each lease, and how long each lease is expected to last?

**Mr HICKEY:** Again, I would have to take that on notice.

**CHAIR:** Regarding the arsenic recovery management, how many abandoned or derelict arsenic mines are there in New South Wales?

**Mr HICKEY:** I would have to take that on notice.

**CHAIR:** Can you detail what measures are being undertaken to protect the public from exposure to and/or contact with arsenic crystals that remain at derelict arsenic mines, particularly in the New England region?

**Mr HICKEY:** I will take that on notice.

**CHAIR:** You have no idea of the strategies? I am not actually asking for numbers, just what your department undertakes to protect the public against those abandoned mines and the potential hazards of those mines. I would hope that there would be both knowledge of the sorts of measures and also perhaps the funding for those measures, if your department does have funding for those measures.

**Mr HICKEY:** Mining has provided enormous economic benefits to New South Wales, especially over the past 100 years. There are many derelict mine sites where no individual company is being held responsible for the rehabilitation work. The Government manages these through the Derelict Mines Program.

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The Derelict Mines Committee administers the program with representatives from the relevant government agencies and the New South Wales Minerals Council. The committee selects the sites for rehabilitation on a priority basis, considering the risks to public safety, pollution, impacts on adjoining properties or catchments on the sites, erosion or land degradation and community concerns.

Under the previous Coalition Government funding for this program stood at \$125,000; under the Carr Government that funding is up to \$1.6 million. In addition, we have allocated \$2.8 million over three years from the Government's Environmental Trust Fund. The Government is trying to address a major problem: no-one could deny that. However, we cannot address every individual mine site; that would just break the Government's bank. We would like to have a whole approach to this. I spoke to some companies at a Minerals Council function to look at innovative ways to address this issue.

**CHAIR:** Can you provide the Committee with details of any investigation that may have taken place into arsenic poisoning and the health implications of exposure to arsenic oxide, particularly among indigenous peoples living around the Mole River Mine near Tenterfield?

**Mr HICKEY:** That question would be best given to the Minister responsible for the Environment Protection Authority [EPA].

**CHAIR:** That could be done. But do you or your department have any knowledge of health impacts of derelict mine sites?

**Mr COUTTS:** Yes, we do. The Derelict Mines Committee oversees the Derelict Mines Program and comprises my department, the EPA and the Department of Infrastructure, Planning and Natural Resources—previously known as the Department of Land and Water Conservation. The Minerals Council assesses all derelict mines and ranks them according to environmental, health and safety risks. The funding to remediate those mines is based on those risk factors. I am not sure what particular mine you are referring to.

**CHAIR:** The Mole River Mine.

**Mr COUTTS:** I would be fairly confident that if there were issues of high health or safety risk, those mines would be given priority by the Derelict Mines Safety Committee.

**CHAIR:** Perhaps you could take that question on notice, Minister, and let the Committee know if there has been rehabilitation and protection for those local communities.

**Mr HICKEY:** What communities, what mines?

**CHAIR:** The indigenous people living around the Mole River Mine, near Tenterfield. If no investigation has taken place, will you give an undertaking to conduct an investigation?

**Mr HICKEY:** I will refer the issue to the Derelict Mines Committee for it to look at and to respond.

**CHAIR:** What is the department doing to facilitate and prioritise exploration and mining for coal-seam methane and coal on cleared land, rather than vegetated land, in the Brigalow Belt bioregion?

**Mr HICKEY:** The issue here is in regard to the coal-bed methane that is being projected from various companies across the State, including Sydney Gas and Eastern Star Gas, which are looking at the issue. Are you asking me whether they can contain the exploration or sites to specific areas where there is no vegetation?

**CHAIR:** Yes, on already cleared land.

**Mr HICKEY:** I will take that question on notice.

**CHAIR:** Could you supply the committee with the percentage of high-potential coal and coal-seam methane that has been identified on cleared land?

**Mr COUTTS:** Are you referring to the Brigalow region?

**CHAIR:** Yes, I am referring to the Brigalow Belt bioregion.

**Mr HICKEY:** I will take that question on notice.

**CHAIR:** Is all current exploration for coal and coal-seam methane occurring on vegetated land in the Brigalow Belt southern bioregion?

**Mr HICKEY:** I will take that on notice.

**CHAIR:** If not, what exploration is occurring on cleared land, and what percentage of total exploration in the region does this represent?

**Mr HICKEY:** I will take that on notice.

**CHAIR:** There are 20 minutes remaining. I will hand over to the Hon. Robyn Parker.

**The Hon. ROBYN PARKER:** Minister, are you aware of concerns by mining companies that some land-holders are holding back the development of open-cut mines, effectively holding companies to ransom in order to get a better price for their land?

**Mr HICKEY:** Do you have any specific issues you wish to raise?

**The Hon. ROBYN PARKER:** Are you aware of any?

**Mr HICKEY:** Not personally, no.

**The Hon. ROBYN PARKER:** You recently announced that a safety review of mine vehicles will take place following an incident in which a miner in the Hunter amputated his forearm after it had been crushed. Who is undertaking the review? When will it be completed?

**Mr HICKEY:** The department undertook the review and the report has been finished. I will pass over to the director-general to answer the question more fully.

**Mr COUTTS:** The department carried out an investigation surrounding that accident. A number of recommendations came out of the report to which the Minister referred. Those recommendations are being implemented by the department. The department will also look at whether there have been any breaches of the appropriate legislation, which might mean further sanctions against the mine.

**The Hon. ROBYN PARKER:** Do you envisage any costs involved with implementing the outcomes of the review?

**Mr COUTTS:** If there are any costs in implementing that review, so far as the department is concerned they would be part of our normal safety activity.

**The Hon. ROBYN PARKER:** Minister, do you have any plans for legislative change to increase the mandatory retirement age of workers in the mining industry? The Construction, Forestry, Mining and Energy Union [CFMEU] described mandatory age as outdated, unfair and discriminatory. Your spokesperson described the mandatory age as being outdated.

**Mr HICKEY:** The article also states that it is not my department's role; it is the role of the Special Minister of State, the Hon. John Della Bosca.

**The Hon. GREG PEARCE:** Minister, earlier I asked you about the \$5.7 million for the department's information system. How much of that \$5.7 million will be paid to consultants? Have you selected the consultants yet?

**Mr HICKEY:** I will pass that question to the director-general.

**The Hon. GREG PEARCE:** It is a fairly significant investment by the department. I would have thought you would know the answer.

**Mr HICKEY:** I will pass the question to the director-general.

**The Hon. GREG PEARCE:** You seem to be quite good at passing the parcel.

**Mr HICKEY:** I am not aware of the specifics of hiring consultants or issues of that nature.

**The Hon. GREG PEARCE:** In relation to a major asset acquisition, \$5.7 million for the information system, whether it will be spent on consultants or whether the consultants have been selected?

**Mr HICKEY:** A proposal has not been put forward to me to select a consultant.

**The Hon. GREG PEARCE:** So the money will be spent on consultants?

**Mr HICKEY:** I have not had a proposal. I cannot answer that.

**The Hon. GREG PEARCE:** Did you have a proposal to put the \$5.7 million in the budget? Earlier when we spoke about this your director-general said that there was a second proposal—the first was for \$900,000 to plan it. I would have thought that if you had \$900,000 to plan it and a proposal for \$5.7 million you would know what was happening with that \$5.7 million.

**Mr COUTTS:** Perhaps I could answer that question.

**The Hon. GREG PEARCE:** No, I would like the Minister to answer.

**Mr HICKEY:** I pass the question to the director-general.

**Mr COUTTS:** Perhaps if I could answer the question.

**The Hon. GREG PEARCE:** No, sorry, my question was to the Minister.

**CHAIR:** Mr Pearce, if the Minister chooses to answer through the director-general that is his right. You can allow the answer and then continue with your next question.

**Mr COUTTS:** The business case that was put forward by the department, and approved by the Government, was put forward and approved before the current Minister was in that position.

**The Hon. GREG PEARCE:** Has he been briefed on it?

**Mr COUTTS:** The current Minister did not have the full detail of the business case that was put forward. The Minister has been briefed on the project, about what it is intended to achieve. He is fully aware of that. It is in the very early stages of this project at this time. The department has set out an expressions of interest process for a selected tenderer to undertake the systems integration and development. When that process is finalised and the successful tenderer is selected, it will then be put to the Minister for his approval. At this stage, that level of information has not been provided to the Minister.

**The Hon. GREG PEARCE:** You said the Minister was fully aware of something. What are you fully aware of, Minister?

**Mr HICKEY:** I am briefed on the concept, on what it is.

**The Hon. GREG PEARCE:** Thank you, and what is that?

**Mr HICKEY:** The \$5.7 million, and that is in relation to the process systems improvement project.

**The Hon. GREG PEARCE:** Do you have to read that answer? I thought you were fully aware of it.

**Mr HICKEY:** No, I want to get the words right. It is a two-stage—

**The Hon. GREG PEARCE:** I am trying to get to what you understand.

**CHAIR:** Mr Pearce, if the Minister chooses to read an answer, that is his choice. Allow him to give his answer.

**The Hon. GREG PEARCE:** Thank you, Mr Chair, but I do not think he needed your help on this occasion.

**Mr HICKEY:** Do you want me to answer the question?

**The Hon. GREG PEARCE:** I do, yes.

**Mr HICKEY:** The Treasury has provided \$5.6 million this financial year for the project. This funding will enable the department to operate more efficiently by improving business processes and provide capability to effectively share the information throughout the department. The department will be integrated and will establish an effective operation at Maitland. There is a strong focus on the electronic service delivery to ensure information and services are more readily accessible to clients. It is about computerisation of the systems within the department, to have easier access for clients, to allow them to utilise their computers and give Internet access to some of the information. It is to allow explorers across New South Wales easier access to try to get more exploration in our State.

**The Hon. GREG PEARCE:** Did you have any input on the overview that is in the budget papers, the document to which I have been referring?

**Mr HICKEY:** No.

**The Hon. GREG PEARCE:** Is it a Treasury document?

**Mr COUTTS:** Are you referring to the budget papers?

**The Hon. GREG PEARCE:** Yes, the overview. Did the Minister have any input into that?

**Mr HICKEY:** No.

**The Hon. GREG PEARCE:** So did the Treasurer know about your expenditure trends? Did the Treasurer know that you had litigation in a test case for approximately 100 appeals on the meaning of "just and equitable" in the 1997 reacquisition arrangements?

**Mr HICKEY:** The Treasury and the Coal Compensation Board liaise to get that information and put it into the budget papers.

**The Hon. GREG PEARCE:** So that is not your area either?

**Mr HICKEY:** Sorry?

**The Hon. GREG PEARCE:** Is it your area to provide that sort of information or oversight those test cases?

**Mr HICKEY:** My department is the Coal Compensation Board and it provides Treasury with that information.

**The Hon. GREG PEARCE:** And it does so without telling you about it?

**Mr HICKEY:** Sorry? Could you put the question again?

**The Hon. GREG PEARCE:** My initial question was: Did you have any input into this overview in the Treasury papers?

**Mr HICKEY:** The answer is no.

**The Hon. GREG PEARCE:** Thank you. Earlier you were questioned about ships at Newcastle Harbour. I suppose you would have seen the article of 18 August 2003, about the 40 ships on chain in Newcastle Harbour?

**Mr HICKEY:** I probably have read an article, but I cannot see the article to which you are referring to verify whether I have or have not seen it.

**The Hon. GREG PEARCE:** You indicated earlier that you were aware of the problem of the ships there?

**Mr HICKEY:** Yes.

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**The Hon. GREG PEARCE:** You indicated earlier that you are aware of the workers compensation cost differential. For example, regarding BHP Billiton, you indicated that you are aware that in New South Wales the cost is \$16,000 a year per employee but that it is only \$3,000 in Queensland.

**Mr HICKEY:** I was aware of the issue. I was not aware of that specific issue, but I was aware—

**The Hon. GREG PEARCE:** You were not aware of that specific issue?

**Mr HICKEY:** I have probably been made aware of that example, but I cannot specify the figures because it is not my portfolio; it is the portfolio of the Special Minister of State.

**The Hon. GREG PEARCE:** But you do have a role in relation to occupational health and safety, do you not?

**Mr HICKEY:** Yes.

**The Hon. GREG PEARCE:** Were you aware of the Extrata Coal submission to the inquiry conducted by the Productivity Commission on workers compensation and occupational health and safety?

**Mr HICKEY:** No.



**The Hon. GREG PEARCE:** I will quote from the submission. The submission states:

Whilst Exstrata Coal has made significant advances in promoting safe and productive workplaces, structural issues at an industry level continued to impact upon our ability to achieve these desired levels of improvement in key areas of health and injury management. These include some aspects of current legislation, as well as the underperformance of the industry's monopolistic workers compensation insurance provider, Coal Miners Insurance.

Do you not see the link that Exstrata has made between the workers compensation costs and occupational health and safety?

**Mr HICKEY:** As Minister for Mineral Resources, I have an objective of ensuring safety within the mining industry, ensuring that we have the best possible safety performance across New South Wales, and ensuring the protection of the workers in open-cut quarries and so on. I am very concerned about safety issues. As far as workers compensation is concerned, I would refer it to the Minister who has that responsibility.

**The Hon. GREG PEARCE:** You said earlier that you had had a discussion with Minister Della Bosca on that issue. However, we did not have time to explore that.

**Mr HICKEY:** I have spoken to the Minister about the issue.

**The Hon. GREG PEARCE:** What did you say to him?

**Mr HICKEY:** I do not think that is relevant to the line of questioning here today.

**The Hon. GREG PEARCE:** It is obviously relevant to the line of questioning.

**Mr HICKEY:** It is not my portfolio.

**The Hon. GREG PEARCE:** In response to a question from my colleague the Hon. Robyn Parker you said that you believed it was your job as Minister to maintain the viability of the mining industry. You do not take up the issue of these workers compensation costs with your own Cabinet colleague, and you do not do anything about the 40 ships on the other chains. What do you do?

**Mr HICKEY:** We put the minerals on the trains, on the mine sites—

**The Hon. GREG PEARCE:** You put them on the trains and mine sites?

**Mr HICKEY:** The role of the department and my ministry is to mine minerals and to have that done effectively and safely.

**The Hon. GREG PEARCE:** Your department puts the minerals on the trains?

**Mr HICKEY:** The jurisdiction covers that area.

**The Hon. GREG PEARCE:** My question was: What do you, as Minister, and your department do to maintain the viability of the mining industry?

**Mr HICKEY:** As I explained earlier, the role of the department is to mine the minerals, to ensure that the minerals are mined in a safe and effective manner. We are there to try to protect the environment and the issues pertaining to mining. But as far as the ships off the port of Newcastle are concerned, it is not under my control as Minister, nor is the issue of workers compensation.

**The Hon. GREG PEARCE:** So you are really telling me that you are just a regulator, you are just someone to get in the way?

**The Hon. Henry Tsang:** Point of order: This line of questioning is irrelevant, because the Minister has answered the questions.

**CHAIR:** I think the Hon. Greg Pearce is being unnecessarily repetitive. If the Minister chooses not to answer the question in the way he would like, he must accept that.

**The Hon. GREG PEARCE:** I am happy to press the question, because I believe it goes to the core of understanding what the ministry is all about. Minister, do you do anything positive to maintain the viability of mining in New South Wales, or are you just a regulator, just a get-in-the-way person? I think it is a very relevant question in terms of the expenditure on this department.

**Mr HICKEY:** Mr Chairman, I refuse to answer the question.

**CHAIR:** The questioning is quite pointless. The Minister does not wish to answer your question. It could reflect on both the Minister and your questioning, so I think we should leave it at that. Do you have any other questions?

**Mr HICKEY:** Mr Chairman, the department's role relates to getting exploration licences to companies. It is also about administering the Mining Act 1992, which allows for exploration licences to be granted across New South Wales. It is also about looking after major coal projects, for the majority of the exploration licences that are handed out. The department has myriad roles. The department is not responsible for transportation or workers compensation.

**The Hon. ROBYN PARKER:** Minister, I seek clarification on an earlier question. I asked you about landowners who are holding out for a better price and effectively holding up the development of open-cut coal mines, thereby stopping the developments going ahead. Are you certain that you are unaware of any such instances?

**Mr HICKEY:** None spring to mind.

**Mr COUTTS:** Unless you want to give us some specific examples, it becomes a bit of a speculative question and one that is very difficult to answer.

**The Hon. ROBYN PARKER:** I want to be sure that there are none of which you are aware in which negotiations have stalled because a landowner is holding out for a better price.

**Mr HICKEY:** I will ask Tony to answer the question, because he has a better understanding of the issue.

**Mr GALLIGAN:** Under the Mining Act landowners have certain rights in respect of the granting of leases. If you are talking about an open-cut coal mine, a landowner can object to the granting of a lease on the basis of agricultural land or improvements. Before the company can go in and mine or before the lease can be granted over agricultural land or lands, the landowner's consent must be obtained. Normally, with an open-cut mine, getting the landowner's consent means buying the property. That then sets the scene for what is ultimately a negotiation between the landowner and the mining company. If there is no agricultural land and there are no improvements, the lease can be granted. If there is no agreement between the company and the landowner, either party can go to the warden for a determination of compensation. That sets the regulatory regime under which these negotiations take place.

**The Hon. ROBYN PARKER:** Do you have any plans to develop some sort of mediation system that will help landowners and mining companies come to a resolution in negotiating the sale of the land?

**Mr HICKEY:** That process is already in place through the negotiations between the company and the land-holder. At the end of the day, the Mining Warden has the role of being the mediator.

**The Hon. ROBYN PARKER:** Minister, reflecting on the coal ships in Newcastle we have been discussing this evening and the demurrage costs those companies may be facing, you have explained that that is not your responsibility. Given that a great number of the people in your electorate of Cessnock are involved in the coal mining industry, do you think that may be causing a problem in terms of the economic viability of your electorate, and perhaps some of your constituents struggling to maintain employment as a result?

**Mr HICKEY:** Mr Chairman, I came here to talk about my portfolio and the relevance of it. As far as the demurrage issue is concerned, contract arrangements have been undertaken between the port and the coal owners with the other coal buyers.

**The Hon. ROBYN PARKER:** Your constituents never come to you and say that this is causing a problem, that they are perhaps losing their jobs?

**Mr HICKEY:** I am here as the Minister for Mineral Resources.

**CHAIR:** The Minister has clearly indicated that that is not part of his responsibility. I think the committee must accept that that is not something the Minister needs to justify.

**The Hon. GREG PEARCE:** Perhaps the director-general can answer this question. I refer to Budget Paper No. 3, Volume 2, page 14-13, recoupment of administration costs. Would you explain the increase from \$181,000 to \$331,000?

**Mr COUTTS:** It is to do with the advertising of lease applications by the department. Because of an increase in advertising costs, that figure is higher than we initially budgeted for.

**CHAIR:** Minister, the *Newcastle Herald* of 13 August published an article on an accident involving a Wallsend coalminer. The article says that from 13 August you expected to hand down recommendations arising from the investigation. Have those recommendations been handed down, and are there any changes to workplace practices as a result of that accident?

**Mr HICKEY:** That is the report we were referring to earlier. Off the top of my head, the final report recommended that stricter conditions would be placed on utilising the equipment. That is my understanding.

**CHAIR:** It appears that the miner was working alone at the time of the accident. Is that the situation? Have safety practices being remedied as a result?

**Mr HICKEY:** There were other workers in the area at the time.

**CHAIR:** An article published in the *Newcastle Herald* of 12 August referred to certain allegations regarding the Gretley mine at Wallsend. The article stated that nothing was done to investigate water trickles that preceded an eventual torrential inrush of water. Has prosecution taken place in that matter, on the basis of breaches of the Occupational Health and Safety Act?

**Mr HICKEY:** It is before the courts at the moment. Four miners were killed on 14 November 1996 at Gretley, near Wallsend, as a result of an inrush of water from the old mine. Judge Staunton held an inquiry regarding the accident and made 43 recommendations. All those recommendations were adopted by the State Government.

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Prosecutions against the eight individuals and two companies—Newcastle Wallsend Coal Company and Oakbridge Pty Ltd—over the 1996 Gretley coalmine disaster began in New South Wales Industrial Relations Commission in July 2003. The defence sought a five-week adjournment and the case reopened in August. The matter has been listed to run until December. I understand the community concerns about the delays in the proceedings, but it is inappropriate for me to comment any further on the issue.

**Mr IAN COHEN:** Are you aware of the limestone mining and a coal-powered development for industrial limestone at Galong near Yass?

**Mr HICKEY:** No.

**Mr IAN COHEN:** Would you take that question on notice?

**Mr HICKEY:** Yes, I will take it on notice.

**Mr IAN COHEN:** There are concerns about the noxious gases from the kiln processing the limestone, the coal fuel that will be used and some 188,000 tonnes of greenhouse gases that will be emitted annually. There is also concern about the 80 trucks per day that will truck the coal fuel and limestone. Does your department take an interest in that type of operation?

**Mr HICKEY:** I think the issues you have raised are matters for the Environment Protection Authority. I have taken the question on notice, and I will respond in time.

**Mr IAN COHEN:** I refer particularly to the impact of the mining operation on local occupiers or residents.

**Mr HICKEY:** Yes.

**Mr IAN COHEN:** Minister, in relation to the time frame for the return of answers to questions taken on notice at the hearing, the Committee has resolved that the time frame will be 35 days from when the questions are sent by the Clerk to a Minister. We will also need to determine your availability and that of your departmental officers if further hearings are required.

**Mr HICKEY:** Yes.

**The Committee proceeded to deliberate.**

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